

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tunisia

Exporter Guide

2016 Exporter Guide

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Report Highlights:

Tunisia is a historical market for U.S. grain and soybean products, and more recently, ethanol. The growing urban middle class, low market saturation and expanding modern retail sector provide a market opportunity for U.S. consumer-oriented food and beverage products. U.S. best product prospects include tree nuts, dried fruits, cookies, sauces, condiments, mixed seasoning, and breakfast cereals.

Section I: Market Overview

Current Political and Economic Situation

The major changes to Tunisia's political order that began in early 2011 continue. As a result of the political consensus between the Islamist Ennahda Party and the non-Islamists parties, lead by Nida Tounes Party (NTP), Tunisia established a progressive constitution that promotes freedom, transparency, political pluralism and power decentralization. Tunisia made crucial progress to democracy by holding both parliamentary and presidential elections in late 2014, followed by a successful transition of power, which led to the NTP's candidate, Béji Caïd Essebsi to take office as the first democratically-elected President. Following that, a Government of political coalition and technocrats was formed and dominated by NTP but with the participation of Ennahda, Afeq Tounes, and UPL political parties.

In 2016, following the emergence of new political balances and growing social tensions, a Unity Government was shaped, headed by Youssef Chahed, with a board coalition of secular, Islamist, and leftist parties; technocrats; as well as trade and labor union allies. The Unity Government with strong support from international donors is taking the lead in meeting Tunisia's security and economic challenges and is pursuing a wide-ranging series of reforms.

The Tunisian economy has slowed since 2011 and successive governments have faced terrorism attacks and threats, unemployment especially among young graduates, regional disparities and social tensions. National and foreign investors have frozen their investments and Tunisia has deeply suffered economically from the situation in Libya, once a major market and source of employment.

Despite the cited economic and security challenges, Tunisia continues to show resolve and patience in its transition and economic reforms, as demonstrated by a new Investment Law, Public-Private Partnership Law, and banking sector reform.

Tunisia's economy is focused on promoting exports, attracting foreign investment, and tourism, all of which have become central to the country's economy. Key exports are clothing, electronic components, agricultural products, phosphates, hydrocarbons, and manufactured products. Tunisia's main natural resource, phosphate, remains crucial to its economy. Tunisia's diverse economy is based on manufacturing, tourism, agriculture, and mining.

Tunisia's global competitiveness index fell from 92th in 2015 to 95th in 2016, according to the Davos Forum. The 2015 growth was 0.8 % which was insufficient to cope with unemployment, which is officially estimated at 15%. For 2016, growth is estimated at 1.8% according to World bank. Finally, Fitch maintained in 2015 Tunisia's sovereign credit rating in BB- with a stable outlook.

For the last two decades, Tunisia has been a net importer of agricultural products with a negative food trade balance. In 2015, Tunisia total exports reached \$8.56 billion, while total imports were around \$15.23 billion. Leading agricultural imports in 2015 were wheat (\$601 million), corn (\$207

million), vegetable oils (\$194 million), sugar (\$177 million) and barley (\$116 million). The leading agricultural exports were olive oil and products (\$959 million), dates (\$225 million), fishery products (\$127 million), and citrus (\$12 million). Tunisia is one of the world's four leading exporters of olive oil, a fact that is largely overlooked as much of its production is exported in bulk to the EU to be refined, bottled, and marketed and re-exported from EU countries (Italy and Spain). In 2015, U.S. agricultural exports to Tunisia were \$147 million, down from \$171 million in 2014, with soybeans, vegetable oils, and wheat exports accounting for the majority of these exports.

In 2015, Tunisia's primary export destinations were France, Italy, Germany, Spain, and Algeria, and Tunisia's primary sources of imports were France, Italy, China, Spain, Russia, Algeria, and Turkey. In 2015, the United States was Tunisia's seventh largest trading partner after Algeria and before Turkey. Over the year 2015, U.S.-Tunisian trade decreased by 15% year-on-year and totaled \$1.14 billion down from \$1.35 billion in 2014. Tunisia's major exports to the U.S. are mineral fuels, mineral oils, olive oil, clothing apparel, electrical parts, and wiring products. The top U.S. export categories are oilseeds, petroleum products, machinery, mechanical appliances and chemicals. It is worth noting that U.S. origin ethanol exports into Tunisia grow in importance during the last period with a 3-year average value of \$39 million.

U.S.-Tunisian Trade

	2013	2014	2015
U.S. EXPORTS (\$1,000)	907	831	602
U.S. IMPORTS (\$1,000)	748	524	546
Total (\$1,000)	1655	1355	1,148

Data Source: U.S. Census Bureau, Foreign Trade Statistics

Key Demographic Developments and their Impact on Consumer Buying Habits

Tunisia's purchasing power parity (PPP) per capita GDP of \$11,800 is one of the highest in North Africa. Two-thirds of the population lives in urban cities and nearly one-fifth is living in the Greater Tunis Metropolitan area. Tunisia has a relatively large middle class, representing 80 percent of the population and enjoying a relatively good social welfare with ready access to education and health services. Eighty percent of the middle class live in family-owned homes. Women enjoy equal status to men and make up a sizeable part of the work force, and women's rights were reinforced in the new constitution. Food items account for about 40 percent of overall household expenditures, and spending on these items is growing by 6 percent annually. Urban households spend nearly 70 percent more than rural households.

Advantages	Challenges
Upgrading Tunisia's status as U.S. major non-NATO ally, a distinction given at only 5 Arab countries and that brings with it a higher level of strategic cooperation and steady partnership.	Relatively small market and low tourist numbers visiting Tunisia due to security issues.
40 percent of the total population are under the age of 24 and 45 percent are between 25 and 54 years old	High unemployment rate, especially among young graduates, and regional disparities may cause social disruptions.
Tunisia is an original WTO members and a signatory of trade agreements: GATT, GATS, and TRIPS.	Price-oriented buyers make it difficult for U.S. exports to compete in this market.
Tunisia and the U.S. are signatories to a number of bilateral agreements, including a convention for the avoidance of double taxation, a business investment treaty, and a Trade and Investment Framework Agreement	The government regulates prices of socially important commodities including sugar, flour, milk and basic cereals.
One of the highest disposable incomes in North Africa and a large middle class.	Bureaucracy and lack of coherence in the regulatory environment.
Expanding modern retail food distribution channels such as supermarkets and hypermarkets that sell imported food products.	Heavy French orientation of a large segment of the Tunisian agribusiness establishment.
Imported products are generally highly recognized among consumers and institutional services for quality and safety.	Weakening currency exchange rate
Attraction to American culture can lead U.S. commodities to Tunisian market.	Distance to Tunisia in comparison to Europe makes U.S. shipping costs relatively expensive and transit times long.

The Tunisian diet relies largely on durum and common wheat, processed products, and the typical staple is couscous, a famous dish in North Africa made from durum wheat, meat, fish or chicken, along with various vegetables. Pasta, potato, and olive oil are also popular as Tunisian cuisine is, to a certain extent, influenced by the Italian cuisine. Fish and seafood are a pillar of the Tunisian diet especially near the Mediterranean coast. Tea and coffee are largely consumed by Tunisians; candies and sweets are also popular.

Section II: Exporter Business Tips

Doing business in Tunisia requires visiting the country, building relationships, and ultimately finding good partners, including agents/distributors that are crucial to introducing new products into the Tunisian market. It is highly recommended to assess local agents/distributors before engaging them and make the right choice because they will largely determine the business' success or failure, and it will be hard to change business partners after signing contracts and agreements. U.S. exporters are encouraged to check the credentials of the importer. Another alternative is to contact major retailers directly, as some of them have subsidiaries dealing with local and international

procurement. Through various activities, the USDA/FAS office in Tunisia is able to help in matching new-to-market exporters with appropriate potential business partners, or to conduct specially tailored inquiries for U.S. companies seeking export opportunities.

The official language is Arabic. However, as former French colony, French is widely spoken and many Tunisians also understand and speak English.

Although Tunisian businessmen perceive U.S. agricultural products to be of high quality, many are reluctant to pay substantial quality premiums, as price remains the most determining factor. Therefore companies embarking on doing business in Tunisia should be prepared for relatively demanding price negotiations.

Business etiquette is quite similar to western countries and company representatives should always have business cards available. Tunisia is GMT +1. The Tunisian weekend is Saturday and Sunday. During fasting in the holy month of Ramadan (May 27- June 25, 2017) the workday is shorter and it is advisable to be concise and to avoid lengthy meetings. When invited into someone's home, it is common for guests to bring a small gift as a token of appreciation.

Commercial advertising is well-developed in Tunisia with TV and newspapers providing the main venue for ads. Posters, lotteries, and event sponsorships are also very common. Tunisians, especially those with high income, like to buy brands/trademarks with a 'westernized look' and advertised in foreign satellite TV commercials.

The majority of food products imported into Tunisia are subject to technical quality control procedures prior to customs clearance and the issuance of a document called 'Autorisation de Mise à la Consommation' (AMC). In general, products submitted to the technical check are the imported products intended for sale in their current state and for final consumption. However, products free from the procedures of the technical check include raw materials, semi-finished materials intended for the professional use of the importer in the framework of his industrial, agricultural, craft or touristic activity, and also imported samples. The list of the products concerned by the technical control is regularly published in departmental orders and establishes three distinct modalities:

- List A includes all goods submitted to a systematic control i.e. a conformity assessment with or without sampling for further laboratory testing to be undertaken at each shipment regardless of whether the product has or has not been tested in the past. This list includes virtually all processed agricultural products.
- List B includes products submitted to the so-called certification regime whereby customs clearance is granted for goods accompanied by a certificate issued by the country of origin and stating that those goods are in compliance with international standards. Agricultural products are not among products subject to the certification regime.
- List C includes products submitted to a conformity assessment with the conditions defined by a GOT-sanctioned specifications book (Cahier des charges). Agricultural products submitted to 'cahier des charges' are mostly bulk and intermediate agricultural products.

Food standards are, in general, similar to those prevailing in developed countries as Tunisia is heavily relying on Codex Alimentarius when setting its own food safety measures.

According to the Consumer Protection Law of 1992, Arabic must be one of the languages used for product labeling (decree # 2003-1718) while the measuring system in use is the international metric system. If pork meat, pork fat, beef fat, or alcohol is one of the ingredients, it should be clearly mentioned on the label. Labeling is also mandatory for all foods and food ingredients containing biotechnology.

The Tunisian currency, the Tunisian Dinar, is not fully convertible. The banking system is strictly supervised by the Central Bank of Tunisia, which has several restrictions on capital outflows. However, the Tunisian Dinar is convertible for trade and investment transactions. During the period January-October 2016, the value of the Tunisian Dinar declined vis-à-vis the U.S. dollar to 2.07 TND/\$US.

Section III: Market Sector Structure and Trends

Although Tunisia remains mostly a bulk market for U.S. oilseed products, wheat, and coarse grains, especially during drought years, many export opportunities exist for U.S. planting seeds and consumer-oriented food products and beverages. There are several factors that make Tunisia's consumer-product market increasingly attractive to U.S. exporters.

Good distribution channels: Merchandise distribution is well-organized. Goods enter the country through one of the country's major sea ports with a harbor storage capacity for grain and feed of 100,000 MT before transit, or through the main freight center at Tunis Carthage airport. Good roads and railroads facilitate distribution to all regions of the country.

Growing middle-class: Roughly 80 percent of Tunisian consumers are considered middle class and thus have significant purchasing power. Tunisians spend nearly 40 % of their consumption budget on food, which corresponds to \$5.1 billion a year, mainly to purchase staples like bread, pasta, semolina, cooking oil, vegetables, meat, and dairy products. Other items that used to be considered luxury goods, such as salty and sweet snacks, fruit juices or fresh fruits are increasingly popular. Tunisia's growing young population is also adding to this factor. In fact, youth population group represents a large part (40 percent of the total population are under the age of 24 and 45 percent are between 25 and 54 years old) and are more open to western-style food products. In addition, there are about 5 million tourists who visit Tunisia annually and offer opportunity of selling high processed food products.

The Food Processing Sector

In 2015, the food processing sector accounted for over 1,000 enterprises employing 10 people or more, 20 percent of them are producing totally for export. The production value of this sector is around \$5 billion annually. This sector is in continuously growth due to improved household purchasing power, changes in eating habits that are moving more towards consumption of processed products instead of fresh products. The food processing sector's demand for imported high-value

ingredients is steadily increasing, with more sophisticated products licensed by multinational food companies. Agricultural and food imports by the food processing sector were almost \$3 billion in 2015 compared to \$2.2 billion in 2010. Cereals and products, oilseeds, vegetables oils, and sugar derivatives account on average for 73 percent of Tunisia food imports.

The Food Retail Sector

Over the last decade, the modern retail sector has seen in-depth development fuelled by the expansion of modern distribution outlets, supermarkets, and hypermarkets through joint ventures with foreign investors, mostly with France, including Carrefour and Casino groups (Geant and Monoprix). Although the traditional distribution network, based on over 210,000 neighborhood grocery shops scattered throughout the country, continues to dominate the Tunisian market, modern distribution channels are growing rapidly. It represents now 20% of the Tunisian retail sector with a goal to increase the level to 50% in the next years. Currently, there are roughly 252 modern food retail outlets: 2 hypermarkets, 150 supermarkets and 100 ‘Superettes’ (self-service food outlets with area less than 500 sq. m). Fresh fruit and vegetables, as well as, fishery products are also sold in local out-door markets also known as “souks”. By 2019, it is expected the creation of 6 more hypermarkets with a cost of \$670 million with an average sales area of 1500 sq. m.

The Food Service Sector

The Hotel and Restaurant Industry (HRI) is not perceived as a separate market from retail as most hotels and restaurants source their food needs either through annual tenders or use the same distribution channels used by households. In addition to domestic customers, this sector caters to more than 5 million tourists visiting Tunisia each year. High-end hotels do import spirits, wines and specialty cheese either directly or via import companies.

Tunisia has historically had only a limited number of foreign franchises, but several have entered over the past five years. The Ministry of Commerce maintains a positive sector list in which franchises would not need prior authorization to operate in Tunisia. Three significant sectors, however, are not on the list: food and beverage, real estate, and advertising. To operate a franchise in these sectors, potential franchisees must obtain an approval to operate which has never previously been denied by GOT. This may represent a good opportunity for U.S. companies to enter and benefit from this fast growing market, knowing that during the last few years, several franchise shops opened in Tunis including mainly European and French food franchises and several U.S. franchises, including Pizza Hut, Fatburger, Chili’s, Papa John’s, and Johnny Rockets. Royalty repatriation is permitted by the Tunisian Central Bank.

Section IV: Best high-value product prospects

Owing to an expanding middle-class and the consequent change of both consumption patterns and distribution channels, the Tunisian market is evolving in a western way creating real export opportunities for value-added, consumer-oriented products. The consumer-oriented products that have good prospects to perform best in the Tunisian market include: tree nuts, dried fruits, cookies, sauces, condiments and mixed seasoning, and breakfast cereals.

Apart from bulk commodities, there is also a good market opportunity for U.S. agricultural equipment in Tunisia, particularly in tractors, harvesters, irrigations equipment's, water management tools, and grain storage where Tunisia experiences frequently significant shortages.

Section V: Key Contacts and Information Sources

The Office of Agricultural Affairs (OAA) at the American Embassy in Tunis is the main contact for USDA activities in Tunisia. It provides trade servicing and market intelligence. Services offered by OAA include market briefings, lists of importers, setting up agendas and meetings.

U.S. Embassy/ USDA-Foreign Agricultural Service Contacts

Office of Agricultural Affairs (Tunis, Tunisia)

E-mail : AgTunis@usda.gov

Phone : 216 71 107 486

Fax : 216 71 107 101

Other Contacts:

Trade Board of Tunisia (OCT)

65, Rue de la Syrie 1002 -Belvédère- Tunis

Phone: 71800040

E-mail: octmail@gnet.tn

Directorate General for Veterinary services (DGSV)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: mag@ministeres.tn

Directorate General for Agricultural Production (DGPA)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : mag@ministeres.tn

Directorate General for Crop Protection and Quality of Agricultural Products (DGPCQPA)

Ministry of Agriculture, Environment and Hydraulic Resources

30, rue Alain Savary, 1002, Tunis, Tunisia

Phone: 216 71 786 833

E-mail: : mag@ministeres.tn

Directorate of Quality and Consumer Protection (DQPC)

Ministry of Commerce

37,av.Keireddine Pacha, 1002 Tunis

Phone: (216) 71 890-070 / 890 337

e-mail: mcmr@ministeres.tn

National Agency of the Sanitary and Environmental Control of Products (ANCSEP)

Ministry of Public Health
Appt. Idriss - 3ème Etage - Bloc N°9 - Cité Elmhiri - Berges du Lac - 2045 Tunis
Phone : +216 71 960 222
e-mail : thouraya.attia@ms.tn

National Institute for Standardization and Industrial Property (INNORPI)
Standards setting and intellectual property enforcement authority
BP 23 - 1012 Tunis Belvédère
Phone: 216 71 785 922
Fax: 216 71 781 563
E-mail: inorpi@email.ati.tn

Packaging Technical Centre (PACKTEC)
Cité El Khadra, par la rue Alain SAVARY. BP 64 .1003 Tunis.
Tel. : +216 71 772 755
Fax. : +216 71 773 300
Email : Packtec@packtec-tunisia.com

Directorate General for Customs Services
5 rue ichbilia, Tunis, Tunisie
Tel. : +216 71 353 685
Fax. : +216 71 353 257

American Chamber of Commerce in Tunisia (TACC)
10 Av Mosbah Jarbou El Manar 3, Rue Mosbah Jarbou, Tunis, Tunisie
Tel. : +216 71 883 226
Fax. : +216 71 889 880
Email : media@tacc.org.tn

Foreign Investment Promotion Agency
Rue Salaheddine el Ammami Centre Urbain Nord 1004, Tunis
Tel. : +216 71 752 540
Fax. : +216 71 231 400
Email : fipa.tunisia@fipa.tn

Other relevant websites

- www.cepex.nat.tn: The website of the Cepex (Export promotion agency) which has the full list of has le list of the domestic and international trade shows of interest for Tunisian businessmen
- www.Tunisie-commerce.com: A directory of trade Tunisian companies
- www.tunisianindustry.nat.tn: The website of the Industry promotion agency
- www.bct.gov.tn: The website of the Tunisian Central bank
- www.utica.org.tn: The website of the Tunisian union Management
- www.TunisiaOnline.com: A digital gateway to news and information resources on Tunisia, Tunisia's history, government, culture and environment

- www.tradenet.com.tn : A data-processing network which connects the various stakeholders in the foreign trade procedures in Tunisia (Banks, Administrations, Customs...).

Exporter Guide Appendix I. Statistics

Table A: Key Trade & Demographic Information

Agricultural Imports From All Countries (\$million) / US Market Share (%), 2015	1,518	10
Consumer Food Imports From All Countries (\$million) / US Market Share (%), 2015	527	1.4
Total Population (millions)/ Annual Growth Rate (%), 2015	11.1	1.3
Urban Population (millions)/ Annual Growth Rate (%), 2015	7.5	1.3
Number of Major Metropolitan Areas	2 : Tunis and Sfax	
Size of the Middle Class (millions)/ Growth rate, 2015	8	1.8
Per capita Gross Domestic Product (U.S. Dollars), 2015	4234	
Unemployment Rate (%), 2015	15,5	
Per capita Food Expenditures (U.S. Dollars), 2015	568	
Percent of Female Population Employed, 2015	26	
Exchange Rate, 2015	1.97 TD for \$ 1.0	

National Institute for Statistics (INS) + BICO

Table B. Consumer Food & Edible Fishery Product Imports

Tunisia Imports	Imports from the World \$million			Imports from the U.S. \$million			U.S Market Share (%)		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Wheat	539	565	602	0	0	21	0	0	3.5
Barley	227	117	117	0	0	0	0	0	0
Corn	229	237	208	0	14	7.3	0	6	3.5
Vegetables oils	645	83	195	25	17	45.2	0	0	23
Soybean meal	54	83	65	0	10	7.8	0	12	12
Soybean	242	246	167	117	113	55			32
Milk and derivatives	47	48	26	6	2	0.1	12	4	0.4
Potatoes	23	18	16	0	0	0	0	0	0

National Institute for Statistics (INS) + BICO